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DRAFT/EDECHOLS/30 January 1968

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Survey of Agency Retirement Age Policy

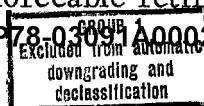
1. This memorandum supplements the summary report covering the surveys made by each Directorate on the efficacy of the Agency's age 60 retirement policy and suggestions for improving the effectiveness and acceptability of the policy. The views expressed herein are my personal views based upon my experience as Director of Personnel and Chairman of the CIA Retirement Board.

2. Retention of Present Age 60 Retirement Policy

I strongly recommend the retention of present policy as an essential requirement to the maintenance of the Agency at an optimum level of performance. The reasons for my conclusion are expressed in the "Rationale of CIA Retirement Policy" which I have written and which is submitted herewith. My recommendation is qualified only by the conviction that this "rationale" or some variation thereof must be established and available in a form which can be shown to employees, members of Congress, and be produced in the courts, if necessary.

Although the DD/I recommends a higher retirement age for his Directorate, I am utterly convinced that a single Agency-wide policy regardless of the age reflected is a must. To do otherwise would invalidate any rationale that could be devised and therefore any enforceable retirement age policy.

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It is not possible to be precise as to exactly which age retirement is to be expected or required. One can argue for age 58 or age 62 or any other age with regard to the average age at which the regressive aspects of aging become quantitatively significant to the point requiring corrective action. The regressive effect of aging is, however, only one factor dictating the need for a firm policy and one of the most important of these is the need for greater control by management over the incumbents of supervisory positions at many levels. In this connection, there is impressive, if not overwhelming, evidence in a subsidiary study conducted in the DD/I, among supervisors, that they would give no consideration for extension in service of the vast majority of employees whose retirement is scheduled in the immediate years ahead. There is little question but that they view the policy of retirement at age 60 as being <sup>highly</sup> slightly efficacious as a management tool for the maintenance and upgrading of total component performance.

It is also inconceivable to me that the Agency eight years after the adoption of age 60 in principle as the desired retirement age could raise the age to 62 or higher. Not only would the Agency appear either stupid or capricious, but there would be serious risk of generating pressures to abandon any retirement age policy. Finally, there would be the risk of generating legal claims for reinstatement and recompense to those who might assert that they had been illegally coerced to retire at age 60.

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### 3. Need for Exceptions to Policy

I do believe that there is a continuing need for exceptions to policy in the best interests of the Agency. There is currently provision for so doing, but seeming abuse and favoritism has been most abhorrent to employees who do not understand the reason for extending in service one individual as opposed to another.

I believe our new [ ] will limit the level of approval for extensions in service so that employees will be more confident that the "best interests of the service" is the basic criterion. Equally important is the prohibition against using retirees under contract employment in staff positions since so doing appears prima facie to be evasion of policy. 25X1A

I also believe we can be more definitive in exempting certain groups of employees (primarily Wage Board employees) from policy on a group decision basis.

Finally, to give recognition that there may be significant variation among the Directorates in their succession problems, I am proposing that each Directorate be given a ceiling as to the maximum number of extensions in service it may have each year for a span of years ahead. The ceiling should be established well in advance by a thoughtful review of the scheduled retirement dates of individuals and the net impact the loss of each individual will entail.

The purpose of the ceiling would be to maintain pressures to replace persons necessarily extended as soon as possible in order to provide room to extend others at a later time whose service at the moment is considered essential.

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The ceiling approach will force judgements as to the comparative need for individuals and will force continuing review and the elimination of "entrenched" extended-in-service employees .

4. Employee Acceptance of Age 60 Retirement Policy

I believe employees do and will continue to accept the policy provided the Agency itself states the rationale for the policy and demonstrates that the policy is enforceable and will be enforced if necessary. Should the Agency demonstrate that it doubts the legality or propriety of its own policy to the degree that any employee can safely ignore it, there will in fact be no policy - there will be two options: do what the Agency wishes you to do or do as you wish to do .

Corrective action will require an amendment of the Agency regulations to not only state that the employee is expected to retire but also that the Director may direct separation in lieu of retirement . In addition it is desirable that the rationale for the retirement age policy be made known to all employees .

5. Proposals for Additional Inducements and Compensation Payments

With specific regard to the DD/P proposal that persons with less than 30 years' service under the Civil Service Retirement System and less than 28.125 years of service under the CIARS receive additional financial emoluments, I do not agree . The fact that an individual entered Government service so late in his working career that he will not have 30 years of service or else the

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equivalent under the CIARS at age 60, cannot establish either an obligation or a rationale for the Agency to supplement his annuity. It must be assumed that during the earlier part of the individual's career he was directly or indirectly making provision for his old age. By indirectly, I have in mind that he may only have been spending his resources in the acquisition of material things in a way that every individual must do and thereby making it possible later in his career to pay more heed to his eventual needs for savings and investments.

In taking this negative posture, I do not, of course, overlook the fact that on an individual case basis the smallness of the Government annuity due to a short period of federal service may be a significant factor in a situation where early retirement would cause extreme financial hardships. The solution might be extension in service for a few more years, continued use in some appropriate contractual capacity, or extraordinary out-placement assistance.

I do endorse the proposal that some additional financial inducements or compensation be provided those who voluntarily or involuntarily retire under the CIARS between the ages 50 and 60. Indeed, such inducements and protections now appear to be an essential requirement to the successful utilization of the provisions legislated by Congress to assist CIA in coping with the special manpower management problems relative to the staffing of our overseas intelligence activities.

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I have prepared a specific proposal designed to overcome the problems in this area. It is attached at Tab \_\_\_\_\_. I recommend that the proposal be approved in principle and that refinement and coordination of the proposal be made a priority task of the Agency.

It has also been proposed that employees who retire under the CSRS are deserving of some form of compensatory payments. I subscribe to this concept both as a matter of principle and as a highly desirable means of making the age 60 retirement policy more palatable to the employees. I believe it will be relatively easy to devise such a program, but that it may be difficult to determine a formula that will be politically and budgetarily acceptable.

As an alternative, I suggest that the Agency, on the basis of our experience in the past few years demonstrating that we can expect a continuing shift in the mix of skills required by the Agency, has a strong case for extending the benefits of the CIARS to all Agency employees who are asked to retire at age 60. Although these individuals have not served overseas and under other conditions of service upon which the Agency based its case for a special retirement system, there is increasing evidence that most careers in CIA are highly specialized, unusually demanding, and of such tenuous nature that the extension of the benefits of the CIAR to all employees retiring pursuant to the best interests of the Agency would not be unreasonable.

I recommend, therefore, that the concept of providing additional benefits to employees retiring under the CSRS at age 60 be approved in principle

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